

Message Text

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ACTION COME-00

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 8868

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E.O. 11652: N/A

TAGS: EMEP, MX

SUBJECT: ALTOS HORNOS (AHMSA) STEEL MILL EXPANSION

REF: MEXICO 8311, NOV. 8, 1973, AND PRECEDING

FOR COMMERCE/MEPD

1. LUNCHEON MENTIONED REFTEL TOOK PLACE NOV. 14 AT RESIDENCE AND INCLUDED ING. ANTONIO PADILLA SEGURA, PRESIDENT ALTOS HORNOS; INGM SERVANDO CHAVEZ, DIRECTOR OF ASSOCIATE COMPANIES; ING. GUILLERMO PRIETO ARGUELLES, DIRECTOR OF FOUNDRIES; ING. CARLOS RUIZ GONZALEZ, MANAGER OF PLANNING AND DEVELOPMENT; LIC. RAUL CASTELLANOS, AHMSA PUBLIC RELATIONS DIRECTOR; THE AMBASSADOR, MINISTER, COMMERCIAL COUNSELOR AND ATTACHE.

LUNCH BELIEVED TIMELY AND PRODUCTIVE. SOFT SELL OF U.S. KNOW-HOW IN STEEL INDUSTRY ENGINEERING WAS MADE AND EFFORTS TO OBTAIN BEST FINANCING AVAILABLE MENTIONED.

2. DISCUSSION CENTERED ON PROJECTED TRIP TO UNITED STATES OF AHMSA OFFICIALS, INCLUDING THOSE MENTIONED ABOVE PLUS A REPRESENTATIVE OF THE SECRETARIAT OF FINANCE. PADILLA GAVE LENGTHY DESCRIPTION OF REASONS FOR TRIP AND EXPECTED RESULTS. ASIDE FROM SCHEDULED VISITS TO ASSOCIATE COMPANIES IN SAN ANTONIO, DALLAS, CLEVELAND AND CHICAGO, TRIP LARGELY EXPLORATORY TO TEST CLIMATE FOR POSSIBLE FUTURE JOINT VENTURES WITH U.S. COMPANIES IN STEEL TRANSFORMING AREAS. TRIP PARTLY BUILT AROUND VISIT TO MCKEE AND KOPPERS OFFICES IN CLEVELAND AND PITTSBURG,
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WHICH LOCAL REPRESENTATIVE OF MCKEE IS PROGRAMMING. KOPPERS

JET PREVIOUSLY OFFERED APPARENTLY BUSY ELSEWHERE AND OTHER MEANS OF TRANSPORT, PREFERABLY LARGER PRIVATE JET, IS BEING SOUGHT. PADILLA IS CONCERNED ABOUT AVAILABILITY OF JET.

3. PADILLA EXPRESSED DESIRE TO TALK WITH HIGHEST LEVEL EXECUTIVES OF U.S. COMPANIES WITH VIEW OF OUTLINING RAMIFICATIONS OF NEW INVESTMENT LAW AND LAW ON TRANSFERENCE OF THECHNOLOGY, AS WELL AS MAKING SALES PITCH FOR JOINT VENTURES WITH AHMSA.

4. TALKS WERE CONTINUED SUBSEQUENT TO LUNCH IN EFFORT TO DETERMINE WHERE USG COULD HELP WITH PROGRAM. REQUEST WAS MADE FOR ARRANGING MEETING AT SOME CENTRAL POINT (SUCH AS CHICAGO) WITH MEMBERS OF STEEL TRANSFORMING INDUSTRY, BUT LATER INDICATIONS WERE THAT PRESENT PROGRAM SUFFICIENT AND TIME TOO SHORT TO COVER ADDITIONAL INDUSTRIES. THIS MATTER IS STILL UNDECIDED, HOWEVER, AND ING. RUIS IS FORWARDING LIST TO EMBASSY OF TARGET INDUSTRIES THEY WOULD LIKE TO INTERVIEW. IF FINAL DECISION IS MADE TO REMAIN ADDITIONAL TIME, OR TO DROP SOME VISITS IN PRESENT PROGRAM IN ORDER TO ADD THESE NAMES, COMMERCE WILL BE ADVISED.

5. PADILLA REMARKED DURING LUNCH THAT GROUP NOT INTERESTED IN SEEING STEEL MILLS, REFERRING TO CONSULT WITH COMPANY PRESIDENTS. IT WAS EXPLAINED THAT RESIDENTS OF U.S. COMPANIES WERE NOT ALWAYS THE INDICATED PERSONS WITH WHOM TO DISCUSS TECHNICAL MATTERS, AS USUALLY DIVISION VICE PRESIDENTS AND ENGINEERS HAVE POLICY-MAKING POWERS AND GREATER DETAILED KNOWLEDGE OF SUBJECTS.

6. GROUP ALSO ANXIOUS TO VISIT TECHNOLOGICAL CENTER AT BATTELLE INSTITUTE, OR TECH CENTERS OF MAJOR INDUSTRIES SUCH AS U.S. STEEL, ARMC, ETC., BUT UNAWARE OF LOCATION OF SUCH CENTERS. WOULD LIKE TO KNOW WHICH CENTERS MOST CONVENIENT TO ANY OF MAJOR POINTS ON ITINERARY.

7. AMBASSADOR MENTIONED POSSIBLE STOPOVER IN WASHINGTON BUT ING. CHAVEZ STATED THAT FRIDAY, NOVEMBER 30, IS LAST SCHEDULED DAY OF TRIP AND TO VISIT WASHINGTON WOULD NECESSITATE UNPRODUCTIVE WEEKEND LAYOVER AND THAT THEY NEEDED TO RETURN TO MEXICO SOONEST.

8. EMBASSY WILL REMAIN IN CONTACT WITH AHMSA AND OFFER ALL UNCLASSIFIED

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POSSIBLE ASSISTANCE FROM THIS END WITH ADVICE TO WASHINGTON OF ANY FURTHER REQUIREMENTS. REQUEST THAT INFORMATION PASSED IN TELCON RYERSON/ATKINS BE FOLLOWED UP AND EMBASSY ADVISED OF LOCATION OF TECHNOLOGICAL CENTERS.
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